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CO-CHAIR, JOINT COMMITTEE FOR REVIEW OF ADMINISTRATIVE RULES

41st ASSEMBLY DISTRICT

**Assembly Bill 598: Requirements related to condominium documents and technical
changes to condominium law**

**Committee on Housing and Real Estate
Testimony of Representative Joan Ballweg
January 7, 2020**

Thank you, Chairman Jagler and members of the Committee on Housing and Real Estate, for holding this hearing on Assembly Bill 598. This bill has been in the works for quite some time. Some years ago, the Wisconsin Register of Deeds Association (WRDA) came to me with a bill idea to clean up the condominium reporting laws. Unfortunately, the drafting turned into a long back-and-forth between my office, the WRDA and other stakeholder groups. However, that long process led to the draft being a strong compromise between stakeholders all working toward the goal of streamlining and clarifying Chapter 703 to the benefit of all parties.

Register of deeds offices deal with an unclear and difficult statutory framework regarding condominium law. The issues they face include inconsistencies among recording requirements, difficulties locating bylaws and a lack of clarity regarding expansion or merging of condominiums. This bill aims to accomplish general statutory cleanup and streamline Chapter 703 so that register of deeds offices, condominium owners and condominium operators are all on the same page when it comes to recording. Under current law, only some instruments are required to be recorded and still other instruments do not have specific recording requirements when they must be recorded. For example, it is unclear when expansion condominium areas become part of the condo plat. This lack of clarity is detrimental to all parties involved, any of whom may want to have legal certainty during such a process. Additionally, the process for merging or consolidating condominiums is a gray area within Chapter 703, resulting in instruments being submitted any number of ways. Generally speaking, condominium law is difficult to navigate for owners, register of deeds offices, attorneys and more.

This bill touches on many aspects of Chapter 703, so I'd invite you to ask any technical questions to those who know the chapter best, the registers who will testify. This legislation seeks to provide clarity to all parties involved in the process by creating greater specificity regarding recording. Bylaws will be more accessible to condominium owners, since the association would deliver it to them. Register of deeds offices and private attorneys will be able to point to statutory authority in any disputes, removing ambiguities that may arise within the recording or expansion or merging processes.

Chapter 703 is not as clear nor as specific as it should be, making the position of register a complicated profession. AB 598 gives clarity regarding the processes within condominium law and streamlines the chapter to facilitate smoother property transactions. Thank you for considering this bill. I am happy to answer any questions you may have and I urge you to support this legislation.



Luther S. Olsen

State Senator

14th District

TO: Assembly Committee on Housing & Real Estate
FROM: Senator Luther Olsen
DATE: January 7, 2020
SUBJECT: Testimony in favor of Assembly Bill 598.

Thank you Chairman Jagler and the Assembly Committee on Housing and Real Estate for holding a hearing and allowing me to testify in favor of Assembly Bill 598.

Assembly Bill 598 makes changes to condominium law, Chapter 703, to protect consumers and their property rights. We have worked with stakeholders to come up with a clean-up bill to deal with inconsistencies among recording requirements, difficulties locating bylaws and a lack of clarity regarding expansion or merging of condominiums.

Under current law, some instruments are required to be reported and other instruments do not have specifications for recording requirements. For example, it is unclear when expansion areas become part of the condominium plat. Additionally, the process for merging or consolidating condominiums is an area of ambiguity, resulting in instruments being submitted any number of ways. This lack of clarity is unfavorable to all parties involved during such a process.

Assembly Bill 598 was drafted with the goal of cleaning up general statutes and streamlining Chapter 703 so that register of deeds offices, condominium owners and condominium operators have consistency and clarity when it comes to recording.

This legislation specifies exactly what needs to be recorded and in what manner to all parties involved. In addition, the condominium associations will send a copy of their bylaws to each unit owner so they would no longer be difficult to locate.

Thank you, members. I ask for your support and would be more than happy to answer any questions.

From: Town of Merrimac Clerk <townmerr@tds.net>
Sent: Saturday, January 04, 2020 10:27 AM
To: Rep.Jagler <Rep.Jagler@legis.wisconsin.gov>; Rep.Allen <Rep.Allen@legis.wisconsin.gov>;
Rep.Quinn <Rep.Quinn@legis.wisconsin.gov>; Rep.Rob.Brooks <Rep.Rob.Brooks@legis.wisconsin.gov>;
Rep.Murphy <Rep.Murphy@legis.wisconsin.gov>; Rep.Pronschinske
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Cc: Rep.Ballweg <Rep.Ballweg@legis.wisconsin.gov>;
Subject: AB-598 Condominium Law

I want to express support for AB-598 addressing condominium law. I will be out of state on Tuesday, January 7, 2020 and cannot attend the scheduled hearing of the Assembly Housing and Real Estate committee.

Let me start by prefacing that the Town of Merrimac has its own zoning ordinance and does not rely on county zoning. About three years ago we had a land investor who acquires foreclosed properties and attempts to flip them for a profit. He entered into an agreement to sell a bankruptcy property and he could sell it at terms acceptable to the bank and foreclosed party, so he was "stuck" with it under his agreement. He then inquired with my office about creating a 5 unit condominium on the site. I informed him the plat had to go before the zoning commission for approval and expressed concerns that it did not comply with the single-family zoning ordinance and exceeded density requirements for the lot. These requirements are not only in place to protect the integrity of the neighborhood and other people who have invested in their private homes, but are in place for fire and safety reasons.

Rather than go through the town zoning process for approval, he filed the condominium plat with Sauk County. The county representative stated that under current state law, they were required to record it. I informed the developer that because the plat was not approved by the town board, I would not approve any building permits for the site. He later came in for plat approval and it was subsequently denied for the reasons stated earlier. That condominium plat, however, is still recorded and is misleading to any potential buyers for this site. The developer has allowed the existing structure to decay.

The general recording requirements in this bill would alleviate any future issues with improperly filed plats and clears up an ambiguity on how to properly file and record condominium plats.

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Wisconsin Register of Deeds Association Legislative Committee

Committee Members: Sarah Guenther – Co-Chair, Cheryl Berken – Co-Chair, Kyle Franson, Brent Bailey, Sarah Van Camp, Margo Katterhagen, Karen Manske, Chris Planasch, Staci Hoffman, JoEllyn Storz, Tiffany Ringer, Sara Nuernberger and Heather Schwersenska

<http://www.wrdaonline.org/Index.htm>

Re: Support AB 598 & SB550 the cleanup of Chapter 703 Condominium relating to the requirements related to condominium documents and technical changes to condominium law.

Members of the Wisconsin Register of Deeds (WRDA) are regularly asked question regarding condominiums. Answering those questions and fulfilling the request of the constituents and real estate professionals can be challenging due to the vagueness and inconsistencies throughout Chapter 703.

- **Recording requirements and inconsistencies.** Under current law, only some instruments are required to be recorded. This bill specifies that all instruments shall be recorded and meet all recording requirements.
- **Difficulties locating bylaws.** Currently, it can be difficult and frustrating for real estate professionals, sellers and potential buyers to locate the bylaws to fulfill their statutory obligations or to do their due diligence. Under this bill, amendments to condominium bylaws must be delivered to each unit owner.
- **Clarification on expansion condominiums.** This bill clarifies that the expansion lands reserved in the declaration and designated on the condominium plat become part of the condominium only once they are added by means of recording an amendment to the declaration and an addendum to the condominium plat.
- **Clarification and requirements to merge condominiums.** Under current law, the process for merging two or more condominiums is gray resulting in instruments being submitted for recording inconsistently. This bill specifies that the only way to create a merger of condominiums is by recording a restatement of declaration that includes the merger agreement and a resultant plat.
- **General clean-up throughout.** Mainly terms and processes have been brought up to date.

Fulfilling the needs of constituents. Many existing owners of condominiums, potential buyers of condominiums and other real estate professionals come to the Register of Deeds office for copies of condominium plats, declarations and bylaws. In general, Chapter 703 is difficult to navigate through. This bill cleans up Chapter 703 and provides clarity to all partners involved by specifying what needs to be recorded in the register of deeds office and in what manner.

For these reasons, **the WRDA requests your support for AB598 & SB550 relating to requirements related to condominium documents and technical changes to condominium law.**



WISCONSIN LAND TITLE ASSOCIATION

January 6, 2020

Wisconsin Assembly Committee on
Housing and Real Estate
Wisconsin State Capital
2 E Main St.
Madison, WI 53703

Dear Committee Members,

I write as a member of the Board of Directors of the Wisconsin Land Title Association (WLTA) and as its Legislative Committee Co-Chair to fully support the passage of AB 598. Members of the WLTA frequently insure properties that are subject to condominium declarations and by-laws. While Wisconsin has a solid set of statutes that govern condominiums, AB 598 provides several common-sense updates that make the statutes clearer and better serve condominium unit owners.

In particular, this bill refines recording requirements to encourage a greater level of uniformity; clarifies the ability to expand an existing condominium; requires a better legal description for the property being made part of a condominium plat; and requires delivery of revised by-laws to condominium owners. These are all issues that can impact title insurance. They will make it easier for condominium owners to understand their rights and responsibilities; make it clearer to potential buyers the obligations they are taking on; and require developers to fully disclose several additional items about the development. These changes will make good law that strengthens the property rights of Wisconsin condominium owners.

For these reasons, the Wisconsin Land Title Association supports AB 598 and encourages passage.

With kindest regards,

A handwritten signature in black ink, appearing to read "Brad L.F. Hoeschen".

Brad L.F. Hoeschen, Board Member
Legislative Committee Co-Chair
Wisconsin Land Title Association